Testimony of
TOM SCULLY
ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
on
USING TECHNOLOGY TO IMPROVE MEDICARE
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Chairman Wyden, Senator Allen, other distinguished members of the Subcommittee, thank you for inviting me to discuss the potential of new electronic technologies to help Medicare beneficiaries. This is an important issue, and I appreciate your interest and your efforts to ensure Medicare is well positioned to take full advantage of the opportunities that emerging electronic technologies present. I will also discuss some of the steps we are taking now to harness this power to improve Medicare services and the way we do business. I look forward to working with you on these initial steps.

As you know, we live in an age where technological advancements are improving almost every aspect of our lives – from developing artificial hearts to improving our ability to communicate, and from deciphering the genetic code to performing cross-continental surgery using electronic data transfer. Today we can perform many tasks faster and cheaper than ever before. As the world's largest health insurer, it is critical for the Centers for Medicare & Medicaid Services (CMS) to embrace technological advancements to expand our interaction with Medicare providers and ultimately improve the care and service that Medicare and Medicaid beneficiaries receive.

I am dedicated to ensuring that we seek opportunities to take advantage of all of the advancements that can help the people involved with Medicare, including health plans, physicians and providers, and the beneficiaries who depend on them. Medicare is a highly automated and fast payer in the health insurance industry

BACKGROUND

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CMS is the world's largest health insurer, providing coverage to more than 70 million Americans. This year the Medicare, Medicaid, and SCHIP programs will pay an estimated $476 billion in benefits, Approximately $375 of which are Federal costs. Each year Medicare alone processes nearly one billion claims from over one million physicians and other health care providers who care for the nearly 40 million Medicare beneficiaries. This is a tremendous undertaking. Moreover, Medicare is complex and physicians, providers, and beneficiaries alike have complained that it is confusing and cumbersome to work with. We have a responsibility to employ every appropriate means to improve the way we do business and the care our beneficiaries receive. We recognize these challenges, and we know that electronic technologies present new opportunities to help address them.

We have begun to take advantage of electronic technologies in many ways in the Medicare program. We are taking steps to use technology in other ways to improve our programs. For instance, we are using Internet-based tools to educate Medicare beneficiaries about their health care options, to help them understand the alternatives available to them and how their choices might impact them. Additionally, we are implementing the Health Insurance Portability and Accountability Act of 1996 (HIPAA) provisions, which mandated a broad array of administrative simplifications for electronic transactions in the entire health care industry, including Medicare and Medicaid. Once fully implemented, these improvements will make it easier and more efficient for physicians, providers, and insurers to exchange health- and claims-related data, enhancing their ability to provide high-quality care for patients. And we are using technology to make Medicare as simple and understandable for physicians and other health care providers as possible so they can spend more time with their patients and less time on paperwork.

These initiatives are important, and they represent strong steps in the right direction. However, I recognize that there is more that we can do – other ways to take advantage of the opportunities that new technologies present to help Medicare beneficiaries. I look forward to continuing to work with you as we consider and investigate other ways that Medicare can take advantage of all that electronic technology has to offer.

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BENEFICIARY EDUCATION

Secretary Thompson and I have placed a high priority on using Internet-based technologies to help beneficiaries better understand their Medicare options. More and more, people with Medicare and those who will soon be eligible for Medicare use the Internet. In fact, Internet access among people with Medicare has increased dramatically from 1997 to 1999. Findings from the CMS-sponsored Medicare Current Beneficiary Survey indicate that the percentage of Medicare beneficiaries reporting access to the Internet climbed from 6.8 percent in 1997 to 21.3 percent in 1999. And, according to Jupiter Communications, older adults (people 50 and older) spend more hours online each week than any other age group, including college students and teenagers. In fact, senior citizens are the fastest growing sector of the online audience, exploding from a meager 600,000 in 1995 to an estimated 13 million in 1998, according to SeniorNet. Last year, eMarketer released an eRetail Report that supports this trend: in 1999, almost 10 million seniors, or 17 percent of all Americans aged 55 and older were active Internet users.

With Medicare beneficiaries using the Internet more and more every day, we have a tremendous opportunity to use this technology to help inform them about their Medicare options. Medicare beneficiaries and everyone involved in helping them with their health care decisions can use the wealth of information available on our award-winning beneficiary Internet site, www.medicare.gov, which is uniquely designed to provide customized comparative information on various Medicare-related topics.

For example, as of October 1, 2001, we will activate a *Medicare Personal Plan Finder* to assist beneficiaries in narrowing down and comparing their health plan choices based on the characteristics that are most important to them. The *Medicare Personal Plan Finder* will give users the ability to compare out-of-pocket costs among their health insurance options, and explore more detailed information for the plans on which they choose to focus. This tool will pull data from existing Medicare databases and web applications, and bring multiple search results together in a more useable and personalized manner. And for those beneficiaries who still prefer more traditional modes of

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communication, the *Medicare Personal Plan Finder* also will facilitate the 1-800-MEDICARE Help Line customer service representatives to more effectively help callers identify the health insurance options that are most appropriate for them. In addition to assistance via the telephone, the customer service representatives also will be able to provide a "print-on-demand" package of materials to send to the beneficiary for further review at a later time. This will be a good way to give more beneficiaries access to information, while introducing some of the ways the power of technology can work for them.

In addition to the *Medicare Personal Plan Finder*, there are a number of other interactive databases accessible on www.medicare.gov that allow visitors to search for information.

- *Prescription Drug Assistance Programs* provides information on programs that offer discounts or free medication to individuals in need. Beneficiaries can search for these programs by state, or by drug manufacturers. It also has a frequently asked questions section that includes information on prescription drug coverage and the President's Medicare prescription drug discount card program.

- *Dialysis Facility Compare* gives detailed information about Medicare approved dialysis facilities. This includes dialysis facility characteristics like the address and telephone number of the facility, whether the facility has shifts starting at 5:00 pm or later, the number of treatment stations, and the types of dialysis offered. Dialysis Facility Compare also contains quality measures and a glossary of terms used on the site.

- *Nursing Home Compare* is one of many efforts included in CMS' initiative to increase information about the quality of care in nursing homes. The primary purpose of this database is to provide information about the performance of approximately 17,000 Medicare- and Medicaid-certified nursing homes across the country. The database has detailed information gathered from the States that conduct surveys and certify the facilities, including whether any quality deficiencies were found, and how severe they were. Furthermore, it has characteristics of the nursing home residents, including the percentage of residents with pressure sores, percentage of residents with urinary incontinence, and more. And it has information about the number of beds, type of ownership, and whether or not the nursing home participates in Medicare, Medicaid, or both.

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- *Medigap Compare* enables users to search for private health insurance plans that they can purchase to supplement original fee-for-service Medicare. The database includes basic information about each reporting insurance company, including which of the 10 Medigap plans they offer, to whom they are offered, and rating method. It also provides information on how to contact Medigap insurance companies in each state.

- *Medicare Health Plan Compare* was the first interactive database on www.medicare.gov, and provides detailed information on Medicare's health plan options, including the Original Medicare Plan, Medicare+Choice plan, and private-fee-for-service plans. *Medicare Health Plan Compare* also contains benefits and services offered by each Medicare+Choice plan, including: detailed information on premiums, co-pays and benefits, and more. And it has quality information about health plans such as health plan performance measures. The database also includes information about the number of plan members who have disenrolled from their Medicare managed care plans.

- *Helpful Contacts* provides state-specific contact information and phone numbers for agencies that can assist people with Medicare. Also included are websites that can provide assistance on a variety of topics of interest to people with Medicare such as: understanding their Medicare bill, Medicare rights and benefits, dealing with complaints and appeals, and managed care. Users can search this site by topic or by type of organization.

- *Local Medicare Events* allows visitors to search for upcoming activities in their area, including health fairs or presentations covering a range of Medicare topics. Visitors can search by state, month, event type, and topic to get information on events.

These database resources distill tremendous amounts of information for our beneficiaries and their families, presenting appropriate data so that the public can get their arms around the information they need and really use it to make decisions. This is a good start, and we know there is more that we can do to inform beneficiaries. We need to continue to offer other information electronically. Some of the additional information www.medicare.gov currently offers includes:

- *A variety of Medicare publications* for visitors to view, print, or order, including the *Medicare & You* handbook, which we mail every year to 34 million Medicare households, as well as the *Guide*

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to Health Insurance for People with Medicare. Many publications are available in Spanish and Chinese.

- **The Medicare Basics** section, which enables visitors to get answers to their questions about Medicare including eligibility requirements, how to enroll, coverage, billing, premium amounts for the Original Medicare Plan, how to read a Medicare Summary Notice, and a copy of materials in the beneficiary Initial Enrollment Package. There also are links to various Medicare publications that have information on Medicare benefits and places to find assistance for beneficiaries to pay health care costs.

- **Fraud and Abuse information** that describes common Medicare fraud, how to report suspected fraud, and ongoing fraud campaigns. Website visitors also can obtain tips for spotting and stopping waste, fraud and abuse, and an online brochure for beneficiaries to guide their efforts to protect themselves and the Medicare program.

- **Health Information** about Medicare preventive benefits, references to publications, and websites with information that can help beneficiaries stay healthy. Current references and websites fall under the following disease-specific areas: cervical cancer, colorectal cancer, depression, diabetes, dialysis and kidneys, flu and pneumonia, mammography, and osteoporosis.

- **A Screen Reader Version** that allows people who are blind or visually impaired and who use screen readers for Internet communications to access the site.

- **Spanish and Chinese sections** that consolidates all of the information currently available in these languages. This includes publications, fact sheets, and information on how to order publications. *Medicare Health Plan Compare* is completely available in Spanish, as well as inspection results for nursing homes. An increasing number of our Medicare publications are available in Chinese.

- **Frequently Asked Questions section** that has been redesigned to allow users to find the information they need quickly and efficiently. We have added a new search tool that allows users to search by category or phrase to find answers to their questions. Visitors can provide feedback using a rating scale on how satisfied they were with the answer. If visitors are unable to find answers, they can submit a question to us. Prior to submitting a question, the tool uses a knowledge base to provide customers with suggested answers to their questions. Also included is a subscription service that

allows users to receive an update notification when questions are updated.

Taken together, this constitutes a huge volume of information presented in an easy-to-use format. Will every Medicare beneficiary need all of this information? Probably not – and we certainly hope they will not need it all at once. But it is available to them 24 hours a day, seven days a week, whenever they need it. And we continue to add more information that beneficiaries and their families might find useful. The Internet is a powerful tool, and we know we must continue working hard to ensure we use it to make life easier for our Medicare beneficiaries. In addition, this information will continue to be available through 1-800-MEDICARE and local community organizations.

ADMINISTRATIVE SIMPLIFICATION

In addition to the Internet, we are taking advantage of other electronic technologies to improve the way we do business. As I mentioned, in Medicare alone we process nearly one billion claims a year. Using electronic technology has made us a highly automated, efficient, and fast payer. Over 90 percent of Medicare claims are processed electronically, and we pay those claims an average 14.9 days after receipt. It costs us roughly $1 to $2 to process a claim. While we are proud of this efficiency, there are other ways that we, along with the entire health care industry can use electronic technology to improve the way we do business. To that end, the Administration has proposed user fees to encourage providers to submit claims electronically.

Congress recognized the opportunities that modern technological advancements present when it enacted the Administrative Simplification provisions in the Health Insurance Portability and Accountability Act of 1996 (HIPAA). These provisions require the Secretary of Health and Human Services, in coordination with standard setting organizations, to develop regulations standardizing electronic health care transactions. This includes data exchanged for payment of health care claims, determination of a person's eligibility for insurance coverage, and enrollment in or disenrollment from a health insurance plan. When Congress passed HIPAA, the health care industry had voluntary standards for data collection and electronic information transmission, but not everyone used them or applied them

uniformly. This prevented the industry as a whole from moving to a single, efficient electronic transaction environment. Following Congress's leadership, as we move towards standardized transactions we should start to see tremendous administrative cost savings in both providing and paying for health care. Additionally, we anticipate that without the many different communication formats used previously, there will be much less confusion around the transmission of health and claims information for both patients and providers.

We know that standardizing these electronic transactions can improve the efficiency of health care by improving patient care, saving money, and limiting frustration. However, we also know that such an important shift requires big changes in many areas, and so has the potential of raising costs, at least in the short run. These changes will not be easy, nor will they be cheap. Every "covered entity" under HIPAA, which includes health plans, physicians, providers, and information clearinghouses, will have to refine its computer systems in order to implement the new standardized formats. Changes like this will help to make the health care industry more efficient, but the increased efficiency depends on the entire industry's significant up-front investment to standardize operations. We also need to take due care to ensure that the HIPAA standards are appropriate and remain up-to-date with rapidly progressing medical information capabilities.

At the same time we recognize that these changes could make it easier for unauthorized people to access health and insurance information. Because of this increased risk of inappropriate access to medical records, Congress wisely included privacy requirements in HIPAA. In April, Secretary Thompson announced that the two-year period would begin for the industry to implement privacy protections, as published in our privacy rule. These protections are intended to ensure that the privacy of health information is not inadvertently compromised by progress in technology. There is broad support in the health care industry for these uniform privacy standards, but implementing the standards also will require additional investment by the health care industry. While we all know that privacy of medical records is extremely important, I am concerned about the costliness of implementing the standards, and I am committed to working closely with the health care industry to implement these

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standards effectively.

In addition, we will be publishing final regulations for HIPAA security standards, which will provide guidance on how these privacy protections will be implemented. These protections will require even more education about the new regulations, for patients, physicians, providers, plans, and others impacted by the rule. It should also be recognized that sending individually identifiable information over the Internet must be accompanied by appropriate security protections. And so we are taking important steps to involve all components of the health care industry in the development and implementation of the HIPAA Administrative Simplification provisions, and to ease their transition into compliance with the law.

The new electronic transaction standards, which the industry must begin complying with on October 16, 2002, are not set in law, nor were they being established unilaterally by the government. Rather, in accordance with HIPAA, we used a process that leaned heavily on private sector participation as well as substantial input from the full range of individuals and entities that will be affected by the changes. In this way we will develop a standard way of communicating electronically that will work best for all of the people who use the health system. We are working with standards setting organizations that specialize in developing national standards. These experts include representatives from the American National Standards Institute X12 standards organization, the National Uniform Claims Committee, the National Uniform Billing Committee, the American Dental Association, the Workgroup on Electronic Data Interchange, and the National Committee on Vital and Health Statistics. We continue to work with industry groups, holding numerous meetings and conference calls to elicit input from a broad array of providers and insurers. And we have solicited comments from impacted individuals and others in the public as the new rules have been proposed, and they have responded. In fact, we received about 17,000 comment letters when we proposed our rule on transaction and code sets, and more than 50,000 on the privacy rule.

PHYSICIAN AND PROVIDER EDUCATION

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One of my top priorities as Administrator is to improve the responsiveness of CMS. Responsiveness is one of the standards by which we are – and should be -- measured. In this spirit, we are taking several steps to communicate with providers through electronic as well as traditional avenues.

Secretary Thompson and I recently announced a multifaceted approach to improve our responsiveness to providers. This approach encourages us to listen, to learn, and then to administer our health care programs as effectively as possible. We are listening more to the public -- the local seniors, providers, State workers, and the people who deal with Medicare and Medicaid in the real world. Some of the people who we hear from the most are the physicians and providers who are dealing with our rules every day. They are the ones caring for our beneficiaries, and they are the ones filling out many of the forms, trying to understand the rules, and working to do the things they spent years training to do -- making people healthy. Under the first part of this approach, we will conduct public listening sessions across the country to hear directly from physicians and providers about how we can reduce regulatory burden and confusion in Medicare, while controlling costs and maintaining quality of care.

The second part will focus specifically on the collective expertise the industry groups who represent these physicians and providers. We will convene seven workgroups, with a senior CMS official as each group's principle contact, to suggest ways we can improve their interactions with the Medicare program. This type of input is good for our beneficiaries because regulatory reform will allow physicians and providers to spend more time caring for beneficiaries, and it will encourage physicians and providers to remain in the Medicare program.

In the third part of our plan, I am forming a group of in-house experts from the wide array of Medicare's program areas. I am asking them to think innovatively about new ways of doing business, reducing administrative burdens, and simplifying our rules and regulations in ways that control costs and continue to afford high quality care for beneficiaries. CMS staff have dealt with the system for years, and they have suggestions about how we can operate the Medicare program more simply and effectively.

While we are listening and learning, we also are teaching. We have long understood that when providers are well informed, it enables them to provide better care to our beneficiaries. And we know that we can use modern technology to help inform physicians and providers. Our new culture of responsiveness will help to build and improve education efforts through these emerging technologies. In response to increased health professional use of the Internet as a learning tool, we created a web-based Medicare education site. There are a variety of resources available on the Internet at our Medicare Learning Network, www.hcfa.gov/medlearn. This network provides timely, accurate, and relevant information about Medicare coverage and payment policies.

Among the featured tools on this site are quick reference guides to help users more easily access information resources on the CMS website, including resources that contain information about outpatient prospective payment systems (PPS), home health PPS, clinical trials, immunizations, and ambulance fee schedules. We also have available, free of charge, downloadable computer based training courses and manuals for physicians, providers, and suppliers on topics ranging from women's health to resident training to billing Medicare for services. Additionally, there is information about the satellite broadcast training sessions we offer for physicians and providers on topics ranging from emerging health issues to our payment systems to fraud and abuse. And the site has downloadable booklets with information about the various health benefits that Medicare covers, including women's health, as well as information on other training programs that Medicare offers for physicians and providers. In addition to being web-based, these booklets are available in CD-ROM.

Our site also offers physicians and providers the ability to subscribe to listserves and mailing lists for topics like complex payment systems and clinical trials. Furthermore, to be as inclusive as possible, we maintain a current calendar on upcoming CMS town hall meetings, training sessions, and satellite broadcasts relevant to physicians and other providers. To help site visitors continue to expand their horizons, we also have links to other physician-oriented sites of interest.

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We also have entered into an interagency agreement with the Centers of Disease Control and Prevention to promote our products to a more clinician-based target audience. We are placing products on their web page, collecting specific feedback information from users, and reviewing existing education videos and computer-based training modules to ensure that the modules qualify for continuing education credits. We also are converting the existing CD-ROM-based modules to web-based training modules, and assisting in the development of future web-based tools to ensure these valuable learning tools are distributed as widely as possible.

Although we have a great deal of valuable information available, we are not satisfied that we are reaching as many users as possible. So we will continue to upgrade this site. We plan to develop a national network of Medicare Learning Network faculty featuring nationally recognized experts on distance learning, professional education, and customer service. We are going to integrate clinical aspects of Medicare Learning Network products with the billing and payment education aspects to attract a wider audience of clinicians. And to ensure we are getting the best bang for our buck, we will establish processes to evaluate the effectiveness of Medicare Learning Network products and activities and venues to receive continuous feedback from the provider community. This is an ongoing process, and we will continue to work hard and solicit input from Congress and the physician and provider community on how we can use new technologies to improve Medicare.

CONCLUSION

I recognize the crucial role that technology plays now and will continue to play for health care in America as electronic and medical advancements are made. I cannot begin to imagine all of the fantastic improvements that technological progress will bring, but I know that Medicare's future depends on taking advantage of them. We have already started by using the Internet and other technologies to share tremendous amounts of information with beneficiaries and physicians and providers, while being sensitive to the privacy concerns surrounding the use of technology. However, there is much more that we can do. I appreciate your interest in Medicare's use of technology, and your support of our efforts to improve it in the future. Thank you for inviting me to discuss these issues

with you today, and I am happy to answer your questions.